

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

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FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 2359T

INFO AMCONSUL ISTANBUL

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E.O. 11652: N/A

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SUBJ: TURKISH PRESS REPORTS U.S. SENATE COMMITTEE REFERENCES
TO LOCKHEED PAYMENTS

1. BASING THEIR STORIES ON FOREIGN NEWS AGENCY REPORTS, TURKISH PRESS TODAY WITHOUT EXCEPTION HEADLINED SENATE COMMITTEE REFERENCES TO LOCKHEED PAYOFFS TO FOREIGN REPRESENTATIVES. ARTICLES REPORTED THAT SINCE 1968 LOCKHEED HAD DISTRIBUTED \$15 MILLION TO ITS REPRESENTATIVES IN FOREIGN COUNTRIES, INCLUDING TURKEY, FOR PAYMENTS TO THIRD PARTIES THROUGH SWISS ACCOUNTS.

2. PRESS ACCOUNTS STATE THAT \$15 MILLION FIGURE INCLUDED \$876,000 TO LOCKHEED'S REPRESENTATIVE IN TURKEY ALTAY COMPANY FOR PAYMENT TO THIRD PERSONS. ALTAY COMPANY PRESIDENT NEZIH DURAL AND VICE-PRESIDENT ADNAN MUNLU IN STATEMENT TO PRESS DENIED ALLEGATION OF ANY IMPROPER ACTIVITY. DURAL SAID LOCKHEED HAD NOT SENT ANY MONEY TO TURKEY AS "A PRESENT FOR THIRD PERSONS." "IN FACT, LOCKHEED F-10'S PLANES HAVE BEEN PURCHASED FROM ITALY, NOT FROM AMERICA." AS FAR AS LOCKHEED-1011S WERE
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CONCERNED, DURAL STATED, "IN 1971, WE PROPOSED THAT THY PUR-

CHASE L-1011S, BUT THY PURCHASED DC-10S INSTEAD". CONSEQUENTLY, "ALLEGATIONS OF BRIBERY ARE INCORRECT". DURAL CONTINUED, "OUR COMPANY HAS RECEIVED COMMISSIONS FOR VARIOUS JOBS THAT IT HAS DONE. OUR BOOKS ARE ALWAYS OPEN AND CAN BE EXAMINED. WE ARE AN HONEST COMPANY AND THE PEOPLE WE HAVE BUSINESS DEALINGS WITH ARE ALSO HONEST."

3. RETIRED ADMIRAL AND V-P ADNAN MUNLU SAID METHOD OF DEFENSE PROCUREMENT IN TURKEY IS DIFFERENT FROM OTHER COUNTRIES. WHILE "BRIBERY CLAIMS MAY PROBABLY BE TRUE FOR OTHER MIDDLE EASTERN COUNTRIES SUCH AS IRAN AND SAUDIA ARABIA, IT WAS NOT TRUE IN TURKEY." MUNLU SAID THAT SYSTEM OF INTERNAL CHECKS IN TURKISH MILITARY PRECLUDED PAYOFFS. PROCUREMENT FOR DEFENSE, "IS REALIZED THROUGH THE APPROVAL, FIRST, OF THE RELATED COMMAND, THEN OF THE GENERAL CHIEF OF STAFF AND, FINALLY, BY THE MINISTRY OF DEFENSE".

4. EMBASSY COMMENT: ALTAY COMPANY IS A FAMILY COMPANY ESTABLISHED BY NEZIH DURAL IN 1957. IT ACTS AS DISTRIBUTOR AND COMMISSIONAGENT FOR MILITARY DEFENSE PRODUCTS, COMMUNICATION AND RADAR EQUIPMENT, HEAVY MACHINERY FOR IRON AND STEEL MILLS, HIGH-WAY CONSTRUCTION EQUIPMENT AND POWER SUPPLY EQUIPMENT. MAJOR AMERICAN FIRMS REPRESENTED INCLUDE: HUGHES AIRCRAFT, LOCKHEED, MOTOROLA, GRUMMAN, GENERAL DYNAMICS, ROBERTS AND SCHAEFER AND CHICAGO PNEUMATIC TOOL.

FIRM HAS EXCELLENT REPUTATION AND IS ONE OF LARGEST OF ITS TYPE IN TURKEY. ALTAY SALES ARE ESTIMATED AT OVER \$100 MILLION PER YEAR WITH 80-90 O/O OF FIGURE DERIVED FROM MILITARY DEFENSE PROCUREMENT.

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